

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Notice DCP-99

For: State and County Offices

2002 Final Counter-Cyclical Payment Calculations for Corn, Sorghum, and Soybeans

Approved by: Deputy Administrator, Farm Programs



1 2002 Final Counter-Cyclical Payments

A Background

The Farm Security and Rural Investment Act of 2002 provides for counter-cyclical payments for covered commodities and oilseeds beginning with crop year 2002. DCP regulations were published on October 21, 2002, at 7 CFR Part 1412.

B Purpose

Final counter-cyclical payments will not be made for corn, sorghum, or soybeans for crop year 2002 because their effective prices exceed their respective target prices. This notice provides a detailed explanation of how counter-cyclical payment rates are determined.

Disposal Date	Distribution
November 1, 2004	State Offices; State Offices relay to County Offices

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2 Calculating 2002 Final Counter-Cyclical Payments for Corn, Sorghum, and Soybeans

A Zero Rate for Corn, Sorghum, and Soybeans

Final 2002 counter-cyclical payment rates for corn, sorghum, and soybeans are zero because their effective prices exceed their respective target prices. The effective price equals the direct payment rate, plus the higher of the national average loan rate or the national average farm price. The following table illustrates the calculation for corn, sorghum, and soybeans.

Item	Corn	Sorghum	Soybeans
	Dollars Per Bushel		
Target price	2.60	2.54	5.80
National average loan rate	1.98	1.98	5.00
National average farm price	2.32	2.32	5.53
Higher of loan rate or farm price	2.32	2.32	5.53
Direct payment rate	<u>+0.28</u>	<u>+0.35</u>	<u>+0.44</u>
Effective price	2.60	2.67	5.97
Final Counter-Cyclical Payment Rate	0.00	0.00	0.00

B Advance 2002 Counter-Cyclical Payments for Corn, Sorghum, and Soybeans

The 2002 Act provides for 2 advance counter-cyclical payments, in October 2002 and February 2003, and a final payment after the close of the marketing year. Neither first nor second partial 2002 counter-cyclical payments were made to corn, sorghum, or soybeans producers.

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2 Calculating 2002 Final Counter-Cyclical Payments for Corn, Sorghum, and Soybeans (Continued)

C National Average Farm Prices

The national average farm prices are calculated from monthly prices weighted by markets for the September through August marketing year, according to the following table.

2002 Crops of Corn, Sorghum, and Soybeans Monthly and Annual Prices and Marketings						
Month	Corn		Sorghum		Soybeans	
	\$ Per Bushel	Marketing Percent	\$ Per Bushel	Marketing Percent	\$ Per Bushel	Marketing Percent
Sept 2002	\$2.47	7.1%	\$2.41	8.8%	\$5.39	5.8%
Oct	\$2.34	14.0%	\$2.42	7.0%	\$5.20	21.1%
Nov	\$2.28	13.9%	\$2.46	19.6%	\$5.46	10.3%
Dec	\$2.32	8.2%	\$2.42	16.3%	\$5.46	9.3%
Jan 2003	\$2.33	12.6%	\$2.31	7.4%	\$5.51	14.4%
Feb	\$2.34	6.1%	\$2.32	4.0%	\$5.55	8.3%
Mar	\$2.33	6.7%	\$2.21	3.1%	\$5.59	6.6%
Apr	\$2.34	6.5%	\$2.22	3.3%	\$5.82	7.5%
May	\$2.38	6.5%	\$2.21	2.4%	\$6.07	4.7%
June	\$2.34	5.3%	\$2.02	5.0%	\$6.09	3.8 %
Jul	\$2.17	6.0%	\$2.03	6.9%	\$5.82	4.6%
Aug	\$2.15	7.1%	\$2.20	16.2%	\$5.68	3.6%
Annual	\$2.32	100.0%	\$2.32	100.0%	\$5.53	100.0%

Source: Agricultural Prices: Released September 30, 2003, by the National Agricultural Statistics Service, USDA.